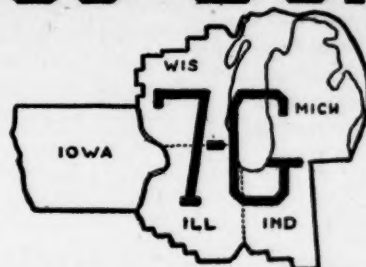


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BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 11, No. 1

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

January 1, 1928

NATIONAL SUMMARY OF BUSINESS CONDITIONS

INDUSTRIAL activity and freight carloadings declined further in November, while retail trade showed more than the usual seasonal increase. The general level of wholesale commodity prices, after advancing for four months, remained practically unchanged in October and November.

PRODUCTION—Output of manufactures and minerals was reduced in November, and the combined index of production, after adjustments for customary seasonal variations, fell below the 1923-1925 average for the first time since 1924. The largest decline was in the output of automobiles, owing largely to preparation for production of new models. Iron and steel production has also declined further, and in November was the lowest since 1924. In December, however, inquiries for iron and steel increased. Textile mill activity was slightly curtailed in November, but continued at a higher level than in previous years. There were decreases in the production of coal, building materials, and leather and shoes. Building contract awards showed seasonal declines in November and the first two weeks of December, and were slightly smaller than in the corresponding period of last year.

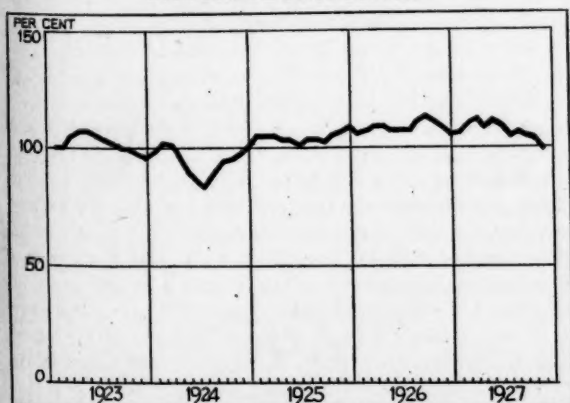
The total value of about fifty crops in 1927 is estimated by the Department of Agriculture at \$8,430,000,000, an in-

crease of \$635,000,000 over 1926. The greatest increases in value were shown for cotton, corn, barley, and oats, while the largest decrease for any individual crop was shown for potatoes. The physical quantity of production of seventeen principal crops was about 2 per cent less than last year but 3 per cent above the average of the last ten years.

TRADE—Retail trade increased slightly more than is usual in November. Compared with a year ago, retail trade of department stores, mail order houses, and chain stores was larger, while wholesale trade continued in slightly smaller volume in nearly all reporting lines. Freight carloadings declined during November, and in the early part of December were smaller than in the corresponding period of the past four years. There were large decreases in loadings of all classes of commodities.

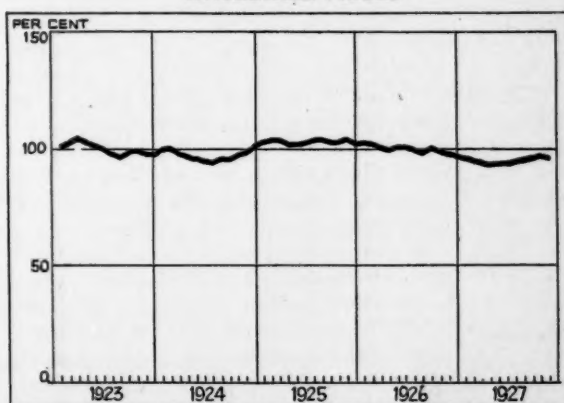
PRICES—The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, after a continuous advance since early in the summer, remained at practically the same level in November as in October. Changes were relatively small in all groups, increases occurring in foods and hides and leather, and decreases in farm products, textiles, fuels, and building materials. In the first two weeks of December, prices of wheat, cattle, hogs, cotton, pig iron, and softwood

INDUSTRIAL PRODUCTION



Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average=100). Latest figure, November, 1927: 99.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1926=100, base adopted by the Bureau). Latest figure, November, 1927: 96.7.

Compiled December 27, 1927

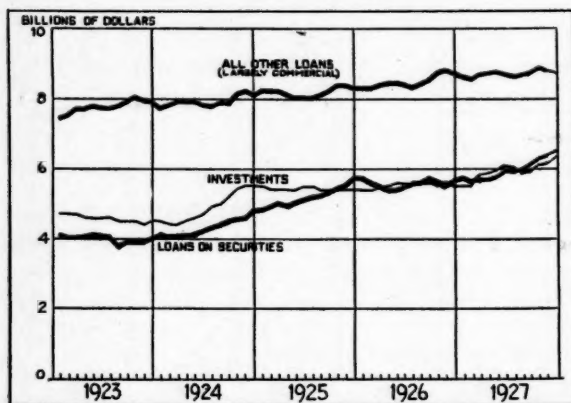
lumber declined, while those of silk, woolen goods, hides, and sole leather advanced.

BANK CREDIT—Between the middle of November and the middle of December total loans and investments of member banks in leading cities showed a considerable increase, reflecting continued growth in the volume of loans on securities and in the banks' investment holdings. In the same period, loans chiefly for commercial purposes, which reached a seasonal peak in October, showed a further slight decline. At Federal Reserve banks the sea-

sonal increase in currency requirements and the continued demand for gold for export during the four weeks ending December 21, were reflected in a growth in member bank borrowings. At the end of this period, the total volume of reserve bank credit in use was larger than on any other date in the past six years.

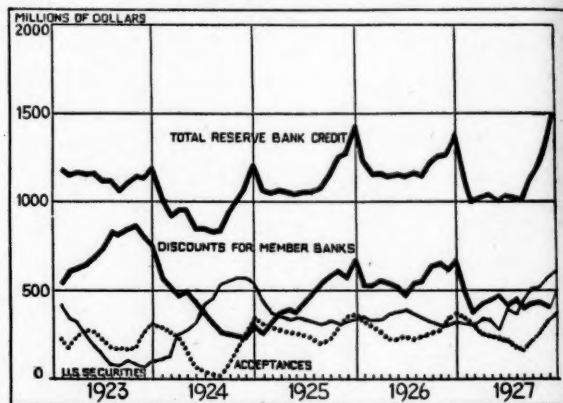
Somewhat firmer conditions in the money market in December were reflected in increased rates on call money. Rates on prime commercial paper and bankers' acceptances remained unchanged during the month.

MEMBER BANK CREDIT



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures, averages for first two weekly report dates in December, 1927: Loans on Securities, 6,518 million; All Other Loans, 8,765 million; Investments, 6,357 million.

RESERVE BANK CREDIT



Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages of first twenty-one days in December, 1927: Total Reserve Bank Credit, 1,474 million; Discounts for Member Banks, 492 million; Acceptances, 374 million; U. S. Securities, 608 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

Activity in the Middle West during November reflected the usual year-end movements: in farming sections, completion of the harvest season and decline in the marketing of grain and dairy products; at industrial centers, reduction in employment and output; similar curtailment in wholesale distribution, accentuated this year by the prolonged mild weather; but retail trade responding to the impetus of holiday buying.

November witnessed little change from October in the steel industry, nor did conditions in the coal situation show improvement. Automobile production was low, with wholesale and retail sales continuing to show declines from the preceding month and a year ago. Other decreases both from October and from November, 1926, were registered in building contracts and permits, in foundry operations, shoe manufacture and shipments, and in production and shipments of furniture factories. There was a drop from October in farm machinery sales, and a seasonal slowing-down in the lumber, cement, and brick industries. The gain at meat packing plants reflects increased hog receipts.

December 1 inventory comparisons with last year vary for the different commodities. Visible supplies of grain, except wheat, were smaller this year, while mill stocks of flour gained. Butter inventories at cold-storage warehouses and packing plants continued above a year ago, and meat holdings were slightly larger; cheese and egg stocks decreased. The number and value of new automobiles on hand fell below the corresponding 1926 level; used cars also declined in number. Shoe stocks held by manufacturers, wholesalers, and retailers, exceeded last year, and department store stocks were somewhat larger. Wholesale lumber dealers reported little change, but retail yards

showed declines. Other reductions from last year were indicated in the cement industry, by grocery, hardware, and dry goods wholesalers, and by furniture retailers.

Among financial conditions may be noted the continued easy money, the active investment market, demand for commercial paper in excess of supply, the increased savings deposits, heavier transactions in bankers' acceptances, and the drop in check payments.

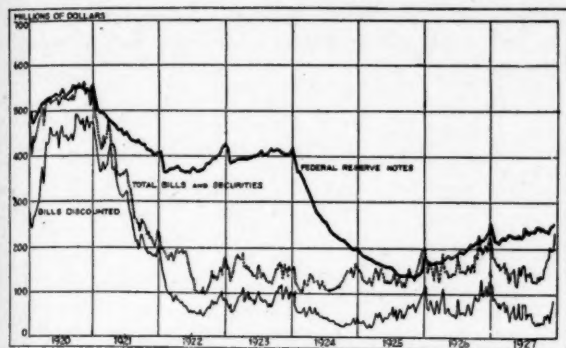
CREDIT CONDITIONS AND MONEY RATES

Credit conditions in the district compare favorably with those of a year ago. The approach of the holiday season has stimulated activity in retail lines. Demand for commercial credit has remained steady during recent weeks, while loans on stocks and bonds have moved upward. Deposits have shown a downward trend since December 1. Easy conditions continue in the Chicago money market, current rates being quoted as follows: Commercial paper $3\frac{3}{4}$ to 4 or $4\frac{1}{4}$, collateral loans $4\frac{1}{2}$ to $4\frac{3}{4}$, and customers' over-the-counter loans $4\frac{3}{4}$ to 5. The average rate earned on loans and discounts by ten loop banks in Chicago during November was 4.80 per cent, compared with 4.82 per cent in October and 5.00 in November, 1926. In Detroit the corresponding figure for six banks was 5.23 per cent in November, 5.26 per cent in October, and 5.39 per cent a year ago. The prevailing rate on commercial loans in that city during the week ended December 15 was $4\frac{1}{2}$ -6 per cent.

Total bills and securities of the Federal Reserve Bank of Chicago were \$230,796,000 on December 14, the largest aggregate since December 29, 1926, when \$234,868,000 was reported. Loans to member banks have shown a seasonal gain since the middle of November, reaching \$83,934,000 on

December 14, the highest level since the early weeks of the year. The \$253,912,000 shown for Federal Reserve notes in circulation on December 14 was the highest point since July 2, 1924, with \$255,256,000.

POSITION OF THE FEDERAL RESERVE BANK OF CHICAGO



Latest figures, December 14, 1927, in thousands of dollars: Federal Reserve Notes, 253,912; Total Bills and Securities, 230,796; Bills Discounted, 83,934.

Loans and discounts of reporting member banks in the district have trended slightly downward thus far in December, on the fourteenth amounting to \$2,289,608,000, as against \$2,294,205,000 the prior week. Investment holdings gained slightly on December 14 over the preceding week, on the first named date standing at \$885,613,000. The trend in net demand deposits in December has been downward; the item stood at \$1,889,285,000 December 14. Time deposits of \$1,199,222,000 on December 14 represented a rise of about 7 million from December 7.

Commercial paper houses reported a small to only fair supply of bills for November, with demand ranging between fair and good. Sales of eleven dealers totaled 3.6 per cent higher than in October and 7.2 per cent ahead of last year, with six firms showing increases in the first comparison and seven in the latter. For the first two weeks of December, sales of three local concerns totaled a little heavier than for the corresponding period of November. Rates remained easy in November and through the first half of December, at $4\frac{1}{4}$ to $4\frac{1}{2}$ for high, a majority quoting the first rate, and at $3\frac{3}{4}$ for low, with the customary figure $3\frac{3}{4}$ to 4 per cent. Demand continued in excess of supply. Paper outstanding at the end of November totaled 0.4 per cent above the preceding month and 11.1 per cent ahead of a year ago, according to a compilation for five dealers; for twenty-six firms located throughout the country, outstanding amounted to \$603,614,000.

Average weekly purchases of bills in the Chicago open bill market by six reporting dealers from November 17 to December 14, inclusive, were 23.9 per cent less than during the five-week period October 13 to November 16. Sales declined 46.2 per cent in the same comparison. Inter-office transactions decreased 62.6 per cent in the volume of bills received and 47.5 per cent in amount forwarded. Bills during the period were drawn largely for cotton, grain, sugar, wool, flour, rayon, wood pulp, provisions, rubber, automobiles, tobacco, lead, and coal. Supplies of paper were reported rather small and demand fair. Four-month maturities eased slightly but other quotations remained the same on December 14 as at the middle of November, selling rates for prime paper ranging from 3 per cent on

30-day bills to $3\frac{1}{2}$ per cent for those of 150 and 180 days. Holdings on December 14 were 15.8 per cent lighter than on November 16.

Sixteen reporting banks in the Seventh district accepted a 44.5 per cent larger quantity of bills during November than a year ago, and the volume remained at a high level, though showing a decrease of 13.7 per cent from October. Purchases and sales were second only to the peak record reached in the preceding month; the quantity of bills bought was 9.2 per cent less than in October and 148.0 per cent greater than last November, while the amount sold declined 3.3 per cent in the first comparison and increased 171.0 per cent over a year ago. Acceptances during the first two weeks of December were drawn principally against cotton, provisions, coffee, iron, machinery, crude rubber, and flax. Seven banks reported smaller liability for acceptances outstanding than at the end of October, and three showed declines from a year ago; figures for the thirteen, however, totaled 0.9 per cent greater than in the preceding month and 25.3 per cent in excess of November, 1926. Bills held on November 30 aggregated 30.9 per cent less than at the close of October, but 31.7 per cent ahead of last year; holdings of paper remaining at the bank of origin were smaller than for any other month since last April. The Federal Reserve Bank of Chicago purchased \$46,726,575 of bankers' acceptances during November, and had \$49,946,790 of bills on hand at the end of the month.

Volume of Payment by Check—Payment by check in Chicago during November aggregated \$3,805,306,000, or 4.6 per cent less than in October but representing an increase of 14.2 per cent over November, 1926. The total for the four larger cities of the district, Chicago, Detroit, Milwaukee, and Indianapolis, decreased 5.0 per cent from October and gained 10.7 per cent over a year ago. Thirty-three smaller cities declined 5.7 per cent in the month-to-month comparison, but showed an aggregate 1.8 per cent higher than in November, 1926. For the thirty-seven clearing house centers reporting the item, the changes were a drop of 5.1 per cent from the prior month and a rise of 9.3 per cent as compared with a year ago, the total in November this year being \$6,001,097,000.

Savings—The number of accounts, aggregate savings, and average deposits were larger on December 1 than the preceding month or a year ago at two-thirds the reporting banks in the Seventh district. State totals increased in each instance except for the decline in average and total deposits in Iowa and a slight lowering in the average amount in Illinois as compared with December 1, 1926, together with a small decrease in number of accounts in Wisconsin from a month previous. December 1 figures for the group of 209 banks increased 0.1 per cent in number of accounts, 1.4 per cent in total deposits, and 1.3 per cent in average amount over November. Aggregate gains of 1.6, 2.6, and of 1.0 per cent, respectively, were shown in the comparisons with December 1, 1926.

Bonds—Heavy buying, high prices, and a surplus of funds awaiting investment, continue features of the bond market. The increasing accumulation of capital maintains a constant demand, only partly met by current offerings, so that dealers' stocks are comparatively low. High grade securities are in best demand: public utilities are particularly popular, and new issues over-subscribed; demand for municipals is likewise excellent, and dealers' lists low;

inquiry for rails is strong; real estate bond offerings and sales compare favorably with last year. The general atti-

tude toward foreign obligations has improved during the past few weeks.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Corn husking made good progress in this district during November; the greater portion of the crop had been cribbed and was indicated as keeping satisfactorily by early December. Small grain, sown this fall, has entered into the winter season in good condition. The autumn crop of pigs in the Seventh Federal Reserve district failed to meet early expectations and averaged 7.1 per cent smaller than last fall, according to statistics compiled from reports sent direct to this bank by 118 county agents representing 147,222 farmers. Liquidation of matured and partly matured hogs during recent months accounts to a large extent for a 2.7 per cent reduction from a year ago in December 1 farm holdings of marketable age hogs. Reports show a decrease of 12.8 per cent in the number of beef cattle and an increase of 3.0 per cent in dairy herds in this district as compared with December 1, 1926; holdings of other cattle were reduced 1.2 per cent; lamb flocks declined 5.0 per cent in the aggregate.

CROP PRODUCTION

Estimated by the Bureau of Agricultural Economics as of December 1
(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES	
	1927	1926	1927	1926
Corn	800,566	910,389	2,786,288	2,692,217
Oats	459,849	490,757	1,195,006	1,352,357
Wheat	66,035	69,715	871,691	831,040
Potatoes (white)	52,171	59,417	402,149	354,328
Tobacco*	31,383	34,715	1,237,832	1,297,889

*In thousands of pounds.

Grain Marketing—Interior primary markets in the United States handled smaller quantities of grain during November than in the preceding month; corn reshipments, however, were slightly greater than in October. November receipts and reforwardings of wheat and oats increased and those of corn declined at these centers in comparison with a year ago. The wheat movement remained in excess of the 1922-26 November average, while corn and oats decreased. United States visible supplies of grain, with the exception of rye, showed recessions on December 10 from the corresponding Saturday of November. Wheat stocks exceeded a year ago but corn, rye, barley, and oat holdings were considerably smaller. November trading in grain futures by members of the Chicago Board of Trade declined 12.4 per cent in volume from October and was 20.3 per cent less than a year ago. Following the downward trend in the preceding month, Chicago grain prices gradually improved, so that most items showed a slightly higher average for November than for October; quotations for wheat and corn futures firmed also, though averaging a little below a month ago. Prices continued to strengthen during early December.

FLOUR PRODUCTION IN THE SEVENTH DISTRICT

Changes in November, 1927, from previous months

	PER CENT CHANGE FROM OCTOBER 1927	PER CENT CHANGE FROM NOVEMBER 1926	COMPANIES INCLUDED
Production (bbls.)	-3.6	+11.1	33
Stocks of flour at end of month (bbls.)	+1.2	+11.0	29
Stocks of wheat at end of month (bu.)	-5.8	-6.2	29
Sales (volume)	-24.4	+8.5	15
Sales (value)	-22.0	+3.5	15

Production includes wheat and other flours. Balance of items refer to wheat flour only.

Movement of Live Stock—November hog receipts at public stock yards in the United States totaled seasonally greater than in the preceding month, while cattle and lamb arrivals showed a customary recession in volume from October. Short-fed offerings comprised a large percentage of the cattle receipts for the month, and the supply of top

grade steers remained rather limited. Fed lambs were marketed in fairly liberal numbers; the western run was practically over; aged sheep continued rather scarce. Hog supplies were augmented somewhat by early shipments from sections of the country having a small crop of corn this season.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, November, 1927	258,275	852,259	325,119	108,447
Federally Inspected Slaughter U. S., November, 1927	881,483	3,688,439	1,070,361	410,765
October, 1927	895,269	2,968,683	1,193,671	413,100
November, 1926	946,759	3,609,860	1,038,859	435,152

Reshipments to feed lots showed a seasonal recession in November compared with the preceding month but were above a year ago.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED DEC. 10 1927	NOV. 1927	MONTHS OF OCT. 1927	NOV. 1926
Native Beef Steers (average)	\$13.75	\$14.00	\$13.50	\$ 9.85
Fat Cows and Heifers	9.00	8.45	8.15	6.15
Hogs (bulk of sales)	8.45	9.05	10.50	11.90
Yearling Sheep	10.75	10.65	10.30	10.00
Lambs (average)	13.85	13.75	13.85	13.00

Meat Packing—November production at slaughtering establishments in the United States totaled greater than in October, increased activity in the pork section more than offsetting recessions in other departments. The volume continued slightly under a year ago. Employment for the last payroll in the month increased 1.3 per cent in number, but owing to the Thanksgiving holiday, decreased 1.1 per cent in hours worked and 1.8 per cent in amount earned in comparison with corresponding figures for October. Domestic trade averaged fairly good in November, considering the heavy consumption of poultry at this season. The total value of sales billed to domestic and foreign customers by fifty-eight meat packing companies in the United States declined 17.5 per cent from October, 1927, and 9.6 per cent from November last year. Trade in domestic markets averaged fair at the beginning of December. Inventories at packing plants and cold-storage warehouses in the United States totaled less on December 1 than for the preceding month or the 1922-26 December 1 average, but slightly exceeded those of a year ago. Beef, lamb, and miscellaneous meat holdings increased over November 1, while all items, with the exception of pork, decreased in comparison with last year; lard and mutton stocks were above the five-year average. Chicago quotations for pork, veal, and lard declined in November from the preceding period; those for beef advanced to slightly higher levels; lamb and mutton prices remained practically unchanged from October. A smaller tonnage of packing-house products moved for export in November than in the preceding month. Foreign demand remained fair for lard and rather dull for meats. December 1 consignment inventories abroad and in transit to Europe were reported under those at the beginning of November. European prices averaged slightly nearer parity with Chicago than a month previous.

Dairy Products—Seventh district butter production showed a seasonal decline of 16.9 per cent in November from the preceding month, but aggregated 1.3 per cent greater than a year ago, according to a compilation made from the reports of sixty-five creameries. Statistics of the American Association of Creamery Butter Manufacturers

indicate recessions for the United States in both comparisons. The tonnage of creamery butter billed to customers by sixty-seven companies in this district totaled 9.1 per cent less than in October, and exceeded last year by 6.4 per cent. Receipts of American cheese at Wisconsin primary markets from factories within that state decreased 25.6 per cent in the four weeks ended November 26 from the preceding period, but were 9.5 per cent larger than for corresponding weeks of 1926; redistribution from these centers declined 33.5 per cent and 5.5 per cent, respectively. Butter

inventories at cold-storage warehouses and packing plants in the United States were smaller for December 1 than at the beginning of November, though continuing above a year ago and the five-year average; cheese and egg stocks decreased in all three comparisons. Receipts of dairy products at Chicago declined from October and showed a recession in volume from 1926. Chicago quotations for butter and eggs advanced in November over the preceding month; cheese prices averaged a little below October. Quotations trended upward during early December.

COAL

Conditions in the bituminous coal industry of the Middle West showed no improvement in November over those prevailing in the preceding month. Unseasonable weather throughout the month and the continued heavy stocks of coal in the hands of industrial consumers were the chief factors contributing to the dull market situation. Both domestic sizes and screenings moved very slowly, the latter at low prices. Production increased over October, but was below the corresponding month of previous years. In Illi-

nois, output for November totaled 5,360,578 tons, a gain of 16.9 per cent over the preceding month, but 32.1 per cent below a year ago. There were 176 mines in operation in the state during the month for an average of 15.9 days, and employing 57,597 men; the last figure represents an increase over October, but the other items declines; in November last year, 219 mines were in operation for an average of 19.6 days, with an employment of 69,273 men.

INDUSTRIAL EMPLOYMENT CONDITIONS

Manufacturing operations experienced a general slowing-down during the October 15 to November 15 period. Plants within the Seventh Federal Reserve district with an employment of approximately 315,000, report decreases of 2.3 per cent in the number of employees and of 4.9 per cent in the amount of payrolls. The metals group, as a whole, contributed largely to this decline, laying off 2.2 per cent of their men and curtailing payrolls 6.3 per cent. Agricultural implements, however, showed a further increase in activity, and metals other than iron and steel also added to their employment. In the vehicles group the percentage declines were even heavier than those reported for the metals, the curtailments amounting to 5.3 per cent in the number of men and 6.4 per cent in total payrolls. At Detroit, according to the records of the Employers' Association of that city, employment on November 15 was 0.6 per cent below that of four weeks earlier, and 8.2 per cent less than a year ago. The first week in December, however, showed an increase of 2.2 per cent over the November 15 figure.

Meat packing plants of the district reported a slight gain for the period, but other food products showed a general decline. Under textiles, clothing experienced a reduced

demand, while knit goods, hosiery, and underwear continued active. Most of the building materials showed the effect of the dull season in construction work. A number of brick yards were retaining their men, but working only two days a week, sufficient to pack the yards by spring. The manufacture of furniture and musical instruments showed a marked recession, as did also that of boots and shoes. Of the ten reporting industrial groups, only two, rubber and paper products, registered a gain for the period under discussion.

The general reductions at manufacturing establishments were somewhat counteracted by increased employment in the distributive industries, retail and wholesale trade and mail-order houses; also by continued gains at the coal mines. Construction work, however, slowed down considerably, and much of the road work has been discontinued for the winter. At the free employment offices of Illinois and Indiana, the ratio of applicants to available positions showed further increase; in Iowa the situation was relieved somewhat by a demand for labor due to the corn-husking season.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS				TOTAL EARNINGS			
	WEEK ENDED				WEEK ENDED			
	NOVEMBER 15 1927	OCTOBER 15 1927	PER CENT CHANGE		NOVEMBER 15 1927	OCTOBER 15 1927	PER CENT CHANGE	
All groups (10)	314,443	321,935	- 2.3		\$8,768,130	\$9,221,984	-4.9	
Metals and metal products (other than vehicles)	116,764	119,429	- 2.2		3,340,033	3,566,242	-6.3	
Vehicles	25,808	27,261	- 5.3		850,605	908,323	-6.4	
Textiles and textile products	25,237	25,493	- 1.0		572,866	622,511	-8.0	
Food and related products	46,150	47,827	- 3.5		1,274,795	1,311,487	-2.8	
Stone, clay, and glass products	12,509	12,553	- 0.4		367,724	372,310	-1.2	
Lumber and its products	29,878	31,066	- 3.8		731,289	794,106	-7.9	
Chemical products	8,423	8,623	- 2.3		221,806	232,457	-4.6	
Leather products	15,087	15,408	- 2.1		312,252	339,015	-7.9	
Rubber products	4,136	4,081	+ 1.3		107,764	103,785	+3.8	
Paper and printing	30,451	30,194	+ 0.9		983,996	971,748	+1.8	

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—Members of the National Automobile Chamber of Commerce produced during November 109,513 passenger cars in the United States, representing a drop of 40.1 per cent from the preceding month and a decline of 22.4 per cent from a year ago. Truck output of 23,571 was 33.8 per cent below Oc-

tober and 1.9 per cent above November, 1926.

November distribution data for the Middle West, gathered by this bank, indicate a continuance of the trend shown in the three preceding months, both wholesale and retail sales declining in the monthly and year-to-year comparisons. Inasmuch as sales last year at this time were well

below the volume of 1925, the current comparisons with the last-mentioned year are decidedly unfavorable. Stocks of new cars on November 30 were not large, and fell below the number held on October 31 and on the corresponding date of 1926; stocks of used cars were likewise less in number than a year ago, showing little change from the preceding month. Used car sales declined from October, but increased over November last year. Deferred payment sales of thirty-two dealers reporting the item averaged 44.8 per cent of their total retail sales in November, compared with 42.2 in the preceding month and 38.5 per cent a year ago.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in November, 1927, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	OCTOBER 1927	NOVEMBER 1926	
New cars			
Wholesale—			
Number sold	-39.3	-29.3	35
Value	-38.3	-21.3	35
Retail—			
Number sold	-32.8	-32.7	84
Value	-25.4	-9.6	84
On hand November 30—			
Number	-5.1	-8.3	55
Value	+ 0.4	-1.5	55
Used cars			
Number sold	-15.9	+ 9.2	84
Salable on hand—			
Number	-0.7	-13.6	53
Value	+ 1.2	+ 4.9	53

Agricultural Machinery and Equipment—The aggregate value of sales billed to domestic and foreign customers by eighty-one manufacturers of agricultural machinery and equipment in the United States showed a further seasonal decline in November of 42.0 per cent in the tractor, threshing, combination harvester-threshing group; of 15.3 per cent in the light group; and of 27.4 per cent in barn equipment. Gains of 30.0 per cent in the heavy line, of 11.5 per cent for "all other" (exclusive of barn supplies), and of 6.4 per cent in barn equipment were indicated in the comparisons with November, 1926.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in November, 1927, from previous months.

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	OCTOBER 1927	NOVEMBER 1926	
Domestic sales billed.....	-28.9	+23.2	81
Sales billed for export.....	-30.3	+ 5.4	39
Total sales billed.....	-29.3	+18.2	81
Production	+ 1.4	-4.9	80

Production computed from average employment during the month.
Sales based on value.

Iron and Steel Products—The amount of new business booked by steel mills in the Chicago district was not materially larger in November, but specifications increased, especially in heavy finished steel products. For the second consecutive month unfilled orders of the United States Steel Corporation showed a gain, totaling 3,454,444 tons on November 30, or 113,404 tons above the aggregate of the preceding month; on November 30 last year, unfilled orders totaled 3,807,447 tons. Average daily steel ingot production in the United States dropped from 126,500 tons for October to 119,299 tons in November; a year ago, the average was 142,529 tons. Operations in the Chicago district showed no increase, and in certain cases declines were indicated. Pig iron was active in this district during November, both for early and first-quarter delivery, and production increased slightly. For the country as a whole pig iron output declined.

Prices, though strengthening in some instances, have registered no gain in the average. The trend of the composite of fourteen leading iron and steel products (*Iron Trade Review*) has continued downward, declining gradually from \$35.51 on November 2 to \$35.09 on December 14; the average on December 15 last year was \$38.22.

Foundry operations during November in the Seventh district were under October and the corresponding month of 1926, both steel and malleable casting foundries indicating declines. The tonnage and value of orders booked by steel casting foundries reporting to this bank increased over the preceding month, but declined from a year ago, while malleable foundries showed a gain in bookings over October and over November last year. Shipments declined in all comparisons. Stove and furnace manufacturers in the Seventh district reported smaller shipments, orders booked, and production than in the preceding month; in the comparison with November last year, orders booked were larger, but the other items declined.

Shoe Manufacturing, Tanning, and Hides—Shoe manufacturing establishments in the Seventh Federal Reserve district operated at a lower level during November than in either the preceding month or a year ago, with shipments totaling 0.6 per cent less than production. Stock shoes reported on hand December 1 by twenty-six of the reporting concerns were equivalent to 76.3 per cent of the volume of their November shipments. Unfilled orders on the books of twenty-two companies provided for six and one-half weeks' future operations at the current rate of distribution.

CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN NOVEMBER, 1927, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	OCTOBER 1927	NOVEMBER 1926	
Production	-17.4	-19.1	31
Shipments	-18.8	-18.0	31
Stock shoes on hand	+ 3.7	+ 7.6	27
Unfilled orders	+ 4.2	+ 0.2	23

District leather production decreased in November from October and a year ago, with half the firms reporting gains; the total value of sales billed to customers declined also in both comparisons, according to reports sent direct to this bank by representative tanners. Prices continued to trend slightly upward.

Chicago trading in packer green hides, and in calf and kip skins was less active in November than in the preceding month; shipments from the city and purchases by district tanners were reported in excess of October. Prices firmed.

Furniture—Orders booked by furniture manufacturers in this district totaled about the same in November as in October, and continued as in previous months this year below the volume booked in the corresponding month of 1926; for twenty-four firms the aggregate November-October increase was 0.1 per cent and the decrease from a year ago 9.2 per cent, half the firms in the former comparison registering gains and ten in the latter. November shipments were under both October and November last year, the declines averaging 11.8 per cent in each comparison. Unfilled orders on hand November 30 were reduced 11.5 per cent from October 31, and were 25.8 per cent below a year ago. The average rate of operations for nineteen companies dropped from 81.6 per cent for October to 79.5 per cent in November.

Raw Wool and Finished Woolens—The situation in the raw wool market during November was approximately the same as in the preceding month; the market remained quiet for the most part, but with steady prices and even a few slight advances; reports from dealers indicate that sales equaled or exceeded those in November last year; unsold domestic stocks of wool were light; and foreign markets continued strong. Manufacturers are buying for current

needs only, but the volume of orders booked by some has caused them to purchase large quantities of raw wool. Un-

seasonable weather interfered somewhat with the placing of duplicate orders for finished goods in November.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

November sales of lumber, as reported by twenty-three wholesale dealers, declined seasonally by 12.7 per cent from October and were 18.1 per cent under November of last year. In terms of board feet, sales decreased 2.1 and 17.2 per cent in the two comparisons. At retail, dollar sales dropped 18.5 and 3.0 per cent, respectively, according to information compiled from reports of ninety-three yards. Wholesalers showed a ratio of accounts outstanding on November 30 to total dollar sales during the month of 143.1 per cent, as compared with 133.5 for the preceding month and 129.2 a year ago; retailers indicated these same ratios as 337.2, 292.7, and 337.8 per cent. Inventories in the hands of wholesalers on November 30 were approximately equivalent to those of both thirty days and a year earlier, while retail yards reported advances in both comparisons. In general, demand was not especially marked from individual industries, although refrigerator, flooring, automobile, and furniture manufacturers continued to place sizable orders for hardwoods, and the large decrease in dollar sales as compared with the volume in board feet during the month may be attributed in part to demand for low grade stock such as crating.

The cement industry in the Seventh district showed no marked variations from trends for the country as a whole. The seasonal decline was somewhat more marked than usual, bringing production and shipments, which for the last three months have been running notably ahead of a year ago, to figures only slightly larger than those for

November, 1926. Inventories at the end of the month were considerably larger than on October 31, but did not reach the aggregate shown on November 30 of last year. Similarly, in the brick industry seasonal influences resulted in declining totals for shipments, increasing stocks on hand, and curtailment in production. Shipments, however, were generally larger than during November, 1926.

Building Construction—Total building contracts awarded in the Seventh district during November amounted to \$82,793,684, of which \$44,560,852 was for residential building; these figures represented declines of 40.3 and 17.7 per cent, respectively, as compared with October, and of 27.7 and 11.6 per cent from November of last year. This was the first month since March that the residential figure fell below the corresponding month of 1926.

Permits issued during November by fifty leading cities of the district were 26.7 per cent fewer in number than in October and 8.6 per cent under a year ago. In terms of estimated cost, declines of 1.7 and 4.8 per cent were noted. The aggregate figure on estimated cost for eleven cities in Illinois was larger in both comparisons, with nine cities, including Chicago, showing advances over October and six, also including Chicago, over November, 1926. Wisconsin indicated greater estimated costs and Iowa a larger number of permits issued over last November. Proposed residential building, as reported by forty-two of these cities, declined from October and a year ago in both number of projects and estimated dollar costs.

MERCHANDISING CONDITIONS

Wholesale Trade—Each of the five wholesale lines reporting to this bank—groceries, hardware, dry goods, drugs, and shoes—showed sales declines from both October and a year ago. Unsatisfactory business was attributed in part to

mild weather which greatly retarded demand for cold weather goods. Detailed data are given in the following table:

WHOLESALE TRADE DURING THE MONTH OF NOVEMBER, 1927

	Net Sales During Month		Stocks at End of Month		Accounts Outstanding End of Month			Collections During Month	
	PER CENT CHANGE FROM PRECEDING SAME MONTH	LAST YEAR	PER CENT CHANGE FROM PRECEDING SAME MONTH	LAST YEAR	PER CENT CHANGE FROM PRECEDING SAME MONTH	RATIO TO PRECEDING SAME MONTH	LAST YEAR	PER CENT CHANGE FROM PRECEDING SAME MONTH	LAST YEAR
Groceries	(35)—0.7	(35)—2.2	(22)—0.6	(22)—16.5	(31)—0.3	(31)—4.9	(31) 114.2	(26)—1.0	(26)+1.3
Hardware	(15)—8.3	(15)—6.6	(10)—3.2	(10)—5.3	(15)—3.2	(15)—5.0	(15) 195.9	(12)+3.5	(12)—2.7
Dry Goods	(14)—9.1	(13)—8.9	(11)—11.3	(10)—10.2	(12)—2.7	(11)—7.4	(12) 318.8	(10)+13.4	(9)—15.8
Drugs	(11)—4.0	(11)—4.8	(8)—3.4	(8)—5.3	(10)+1.3	(10)—8.0	(10) 142.7	(6)—5.1	(6)—5.6
Shoes	(8)—12.0	(8)—14.1	(5)—6.2	(5)+10.8	(6)—5.3	(6)+0.2	(6) 298.5	(5)—0.4	(5)—8.4

Figures in parentheses indicate number of firms included.

Department Store Trade—Reports received from seventy-nine department stores in this district show sales for November as 5.2 per cent larger than the October total and 3.5 per cent ahead of November, 1926, with the aggregate for the eleven months' period 1.3 per cent over the same figure for 1926. As compared with November of last year, Chicago, Milwaukee, Indianapolis, and the total for smaller cities in the district showed declines; Detroit stores, with an increase of 17.4 per cent, reported the only group advance; a seasonal increase over October was indicated by all groups. Inventories at the end of the month were slightly larger than thirty days earlier and about equivalent to the figures of a year ago; stock turnover, as measured by the ratio of total sales to average stocks, was 33.1 per cent on November 30, as compared with 31.2 per cent on October 31; for the eleven-month period the

turnover percentage was 341.5 in 1927 and 331.4 in 1926. Collections were ahead of those for October and a year ago by 9.1 and 6.0 per cent, respectively, and outstanding accounts on the last day of November totaled 4.7 and 3.3 per cent more, respectively, with the ratio of November collections to accounts receivable on October 31, 42.3 per cent this year as against 41.1 per cent in 1926.

Retail Shoe Trade—Retail shoe sales during November, as reported by twenty-one dealers and the shoe sections of twenty-two department stores, were 6.6 per cent ahead of the October total and 11.3 per cent under November a year ago, with the eleven months' aggregate 4.0 per cent smaller than the figure for the same period of 1926. Stocks were 5.1 and 6.0 per cent larger on November 30 than a month and a year earlier, respectively. Collections, as indicated by figures received from fourteen shoe stores,

increased in the two comparisons by 11.6 and 8.2 per cent, and outstanding accounts at the end of November were 2.4 per cent ahead of October 31 and 11.1 per cent smaller than November 30 last year, while the ratio of accounts receivable to total sales was 33.9 per cent as compared with 32.3 for October and 33.3 for November, 1926.

Retail Furniture Trade—Sales during November of twenty-two retail furniture stores and the furniture sections of twenty-eight department stores, fell 12.9 and 4.6 per cent under the totals for October and a year ago, respectively. Sales on the installment plan, according to data received from seventeen dealers, declined 23.1 and 15.5 per cent in the two comparisons. Collections on total sales were 19.3 and 11.4 per cent less than thirty days earlier and last year, while those on installments showed decreases of 9.3 and 5.4 per cent. Inventories on Novem-

ber 30 had increased 3.0 per cent over the October 31 total, but showed a decline of 4.3 per cent from the figure of a year ago. Outstanding accounts were smaller than on October 31, but somewhat ahead of November 30, 1926.

Chain Store Trade—Twenty-three chains in this district, comprising nearly twenty-one hundred individual stores and representing dealers in shoes, musical instruments, groceries, cigars, drugs, men's and women's clothing, furniture, and five-and-ten-cent goods, showed aggregate increases over October of twenty-three stores and of more than two hundred and fifty over November, 1926. Total sales were 1.2 per cent under the figure for October and 8.0 per cent larger than a year ago. Grocery, drug, clothing, and five-and-ten-cent chains reported sales as larger than at this season last year; as compared with October, however, totals were generally lower for all lines.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of Firms	Nov. 1927	Oct. 1927	Nov. 1926	Oct. 1926
Meat Packing—(U. S.)—					
Sales (in dollars).....	62	99.6	120.5	110.3	121.4
Casting Foundries—					
Shipments (in dollars).....	27	60.6	63.9	69.4	77.4
Stoves and Furnaces—					
Shipments (in dollars).....	13	146.6	218.5	159.9	219.3
Agricultural Machinery & Equipment—(U. S.)—					
Domestic Sales (in dollars).....	90	82.0	112.0	68.4	81.8
Exports (in dollars).....	60	126.2	178.0	121.9	99.8
Total Sales (in dollars).....	90	88.8	122.6	77.0	84.7
Production.....	88	123.6	121.1	130.8	131.0
Furniture—					
Orders (in dollars).....	19	96.6	89.7	113.5	106.8
Shipments (in dollars).....	19	105.9	118.5	116.0	133.0
Shoes—¹					
Production (in pairs).....	34	93.4	113.5	114.9	122.2
Shipments (in pairs).....	34	91.4	113.6	110.5	131.9
Electric Energy—					
Output of Plants (KWH).....	8	141.4	141.3	131.3	133.6
Industrial Sales (KWH).....	8	143.2	161.1	129.8	144.4
Flour—					
Production (in bbls.).....	34	112.7	116.9	101.5	111.7
Output of Butter by Creameries—					
Production.....	76	77.0	88.9	76.8	89.6
Sales.....	76	88.0	88.6	90.6	90.0
Automobiles—					
Distribution in Middle West:					
New cars—Wholesale—Number sold..	28	47.3	79.8	65.3	84.2
Value.....	28	49.9	75.4	67.8	97.6
New cars—Retail—Number sold..	48	34.2	49.2	52.5	68.8
Value.....	48	53.9	70.9	60.8	74.2
New cars—On hand—Number.....	42	113.4	117.2	126.1	118.5
Value.....	42	115.6	113.9	118.7	114.0
Used cars—Number sold..	41	98.6	112.1	94.3	107.1
Used cars—On hand—Number.....	41	123.6	125.8	141.7	135.1
Value.....	41	128.5	129.6	120.0	109.7
Production (U. S.): Passenger cars.....		37.6	63.1	77.4	101.0
Trucks.....		75.6	114.0	105.4	130.2
Freight Carloadings—(U. S.)—					
Grain and Grain Products.....		104.0	118.6	100.0	114.4
Live Stock.....		106.0	118.7	108.6	121.6
Coal.....		101.3	110.1	143.0	131.5
Coke.....		79.1	78.9	112.0	110.2
Forest Products.....		88.5	93.9	94.9	101.1
Ore.....		46.7	122.5	77.9	170.9
Merchandise and Miscellaneous.....		108.9	120.6	112.9	123.5
Total.....		102.8	116.1	114.8	124.6
Iron and Steel—					
Pig Iron Production:²					
Illinois and Indiana.....		97.8	94.2	109.3	112.1
United States.....		89.9	91.4	109.9	109.5
Steel Ingot Production—(U. S.) ³		89.5	94.9	106.9	117.6
Unfilled Orders U. S. Steel Corp.....		72.3	70.0	79.7	77.1

	No. of Firms	Nov. 1927	Oct. 1927	Nov. 1926	Oct. 1926
Wholesale Trade—					
Net Sales (in dollars):					
Groceries.....	37	100.7	103.8	103.1	108.9
Hardware.....	18	91.1	100.8	97.5	107.7
Dry Goods.....	13	89.9	99.3	98.0	111.1
Drugs.....	11	102.8	103.9	104.4	108.5
Shoes.....	9	78.7	87.2	91.6	107.0
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago.....	7	103.5	98.4	112.7	107.2
Detroit.....	5	154.3	139.3	131.4	138.7
Indianapolis.....	5	125.0	123.3	127.3	121.7
Milwaukee.....	5	129.3	121.2	131.5	121.5
Outside.....	55	109.6	109.9	112.3	122.8
Seventh District.....	77	129.2	122.2	118.6	126.4
Retail Trade—(U. S.)—⁴					
Department Stores.....	359	156	151	156	158
Mail Order Houses.....	4	160	158	153	151
Chain Stores:					
Grocery.....	27	422	422	347	334
Drug.....	9	223	234	198	206
Shoe.....	6	155	157	150	158
Five and Ten Cent.....	5	265	278	247	257
Candy.....	5	235	233	232	227
Misc.....	4	128	128	146	151
Cigar.....	3	146	154	150	162
Stamp Tax Collections—⁴					
Sales or Transfers of Capital Stock.....		107.4	108.9	38.8	59.5
Sales of Produce on Exchange—Futures.....		76.3	93.2	74.0	77.4
U. S. Primary Markets—⁵					
Grain Receipts:					
Oats.....		57.6	68.4	54.3	69.6
Corn.....		76.8	88.7	104.8	132.5
Wheat.....		126.9	211.5	86.2	107.0
Grain Shipments:					
Oats.....		47.0	52.8	39.3	45.8
Corn.....		44.6	44.3	57.8	52.3
Wheat.....		105.9	137.3	66.9	71.7
Building Construction—					
Contracts awarded (in dollars):					
Residential.....		155.1	188.4	175.4	158.3
Total.....		123.0	206.1	170.1	161.9
Permits:					
Chicago.....	Number	65.4	66.7	84.0	96.1
Cost.....		100.1	91.4	99.4	180.3
Indianapolis.....	Number	63.2	89.6	74.6	119.6
Cost.....		60.4	70.6	62.7	103.9
Des Moines.....	Number	52.6	78.9	42.3	82.0
Cost.....		19.5	53.5	29.1	88.9
Detroit.....	Number	59.3	77.0	79.4	111.0
Cost.....		47.4	59.9	110.2	107.5
Milwaukee.....	Number	84.5	119.2	92.4	136.2
Cost.....		76.2	172.1	73.0	114.7
Others (45).....	Number	85.0	120.5	80.7	123.5
Cost.....		122.9	107.6	85.5	121.6
Fifty Cities.....	Number	74.8	102.0	81.8	119.6
Cost.....		90.3	91.9	94.9	143.6

1. Monthly average of mean of production and shipments in 1923-24-25=100; 2. Average daily production; 3. Monthly average 1919=100; 4. First Illinois internal revenue district; 5. Monthly average receipts 1923-24-25=100.

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